

# **Winter Natural Gas Price Update**



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November 9, 2004



# High Natural Gas Prices

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- As we enter the peak winter heating season, customers need to be aware that the cost of natural gas has risen nationwide.
- Taking steps to conserve energy usage in their homes this winter will help minimize the impact of high natural gas costs on their monthly bills.



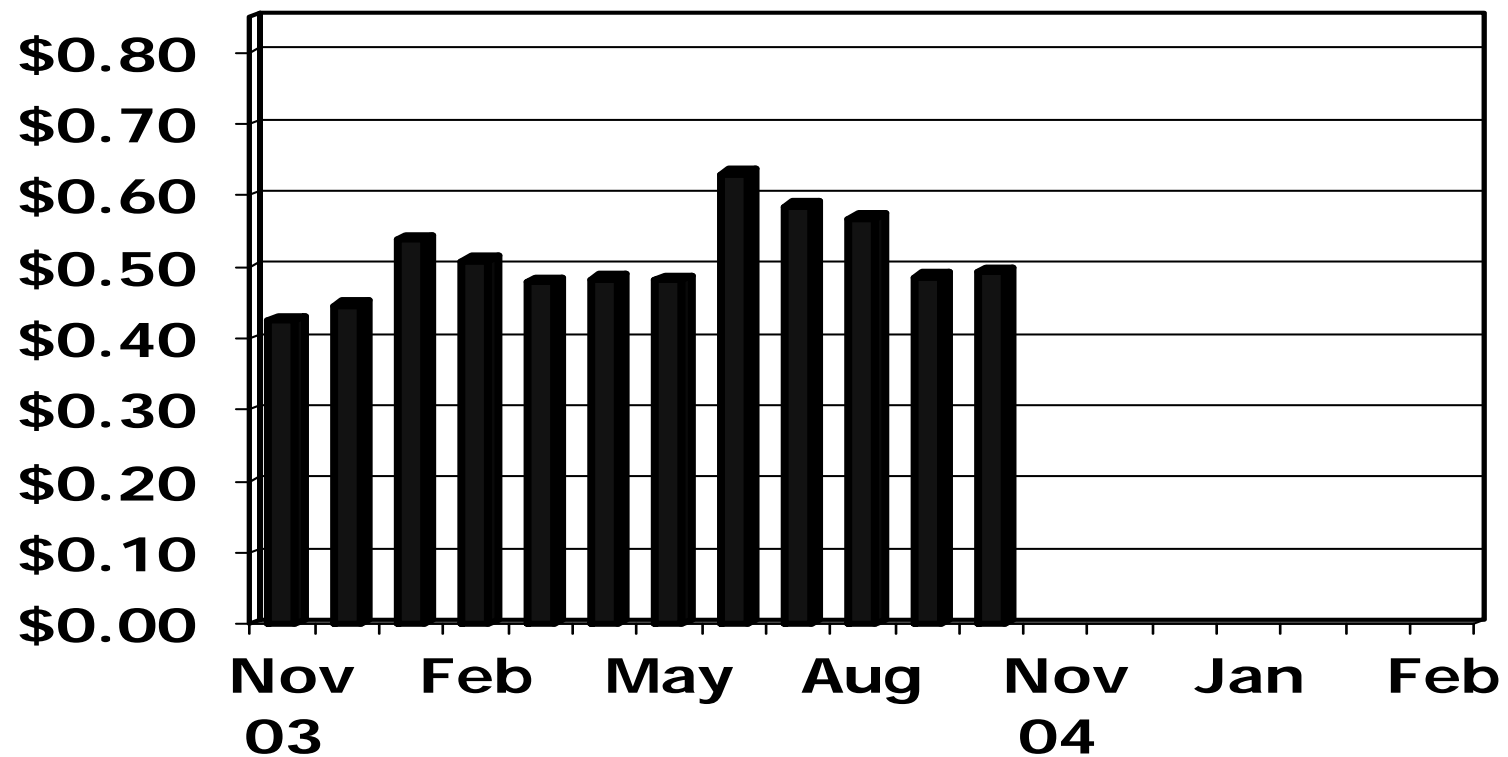
# Reasons for Price Increase

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- Hurricane Ivan caused significant impact on natural gas production in the Gulf of Mexico
- A colder than normal winter is predicted for the South and the Northeast
- High oil prices have increased the demand for natural gas by industrial customers

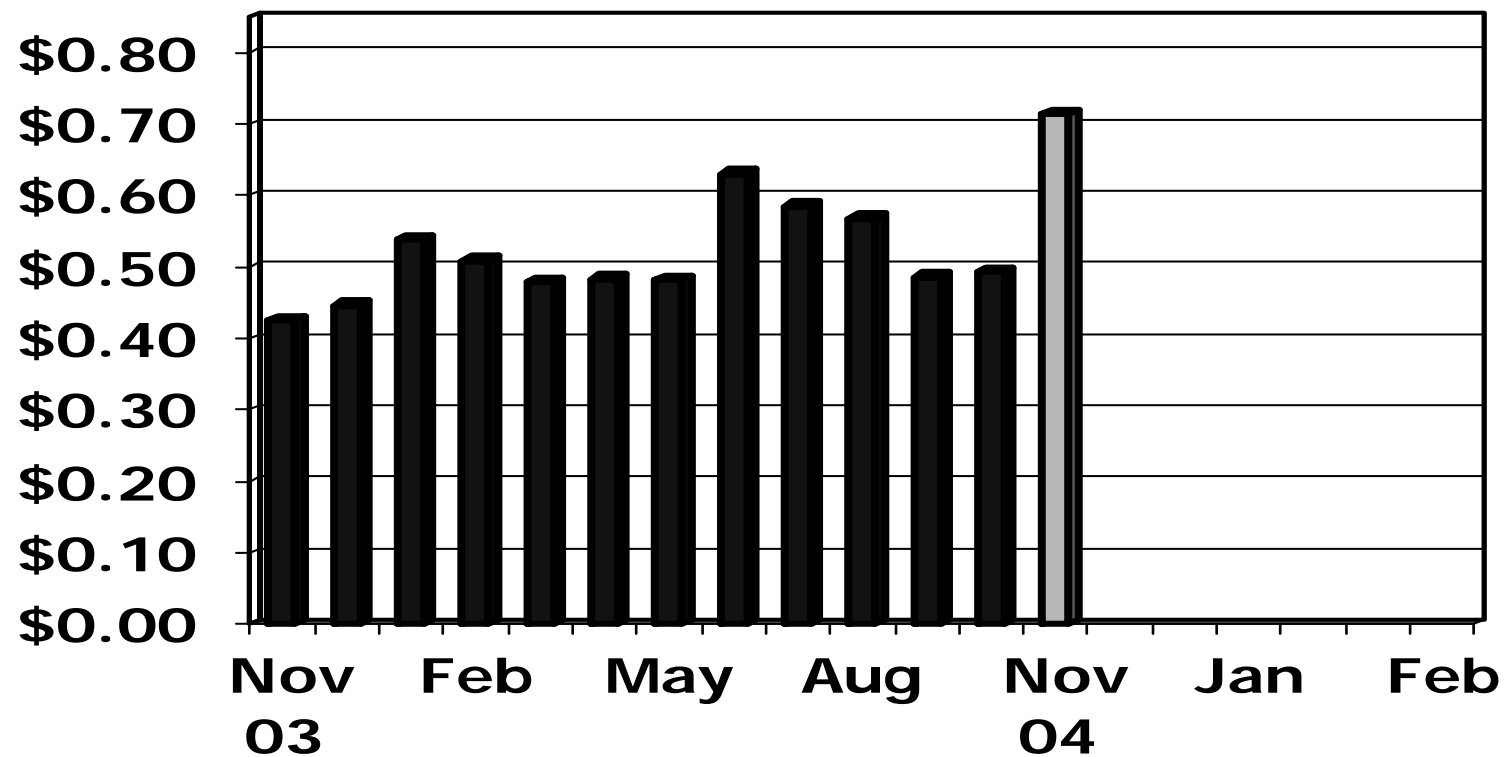
# Current Price

Cost of Gas (per therm)



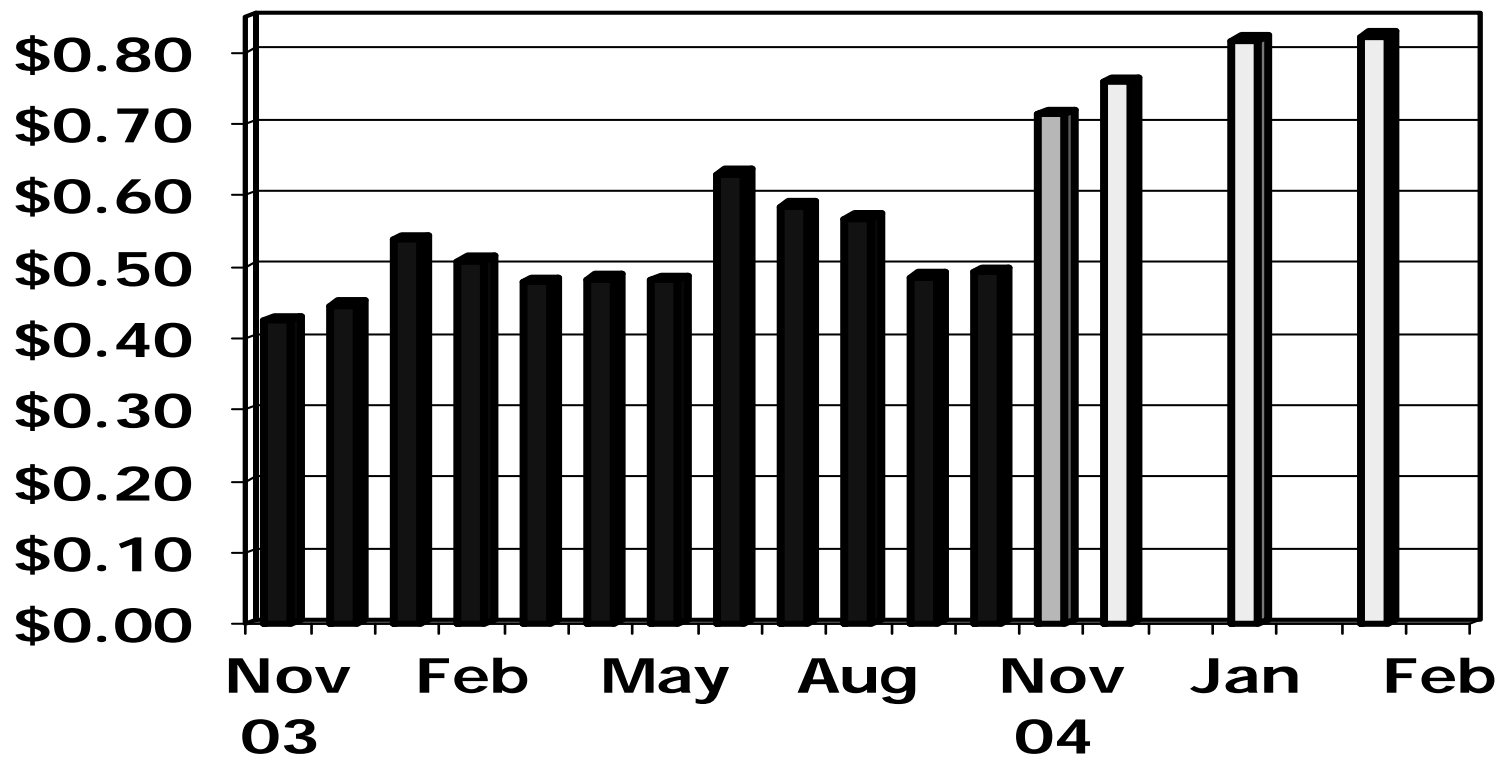
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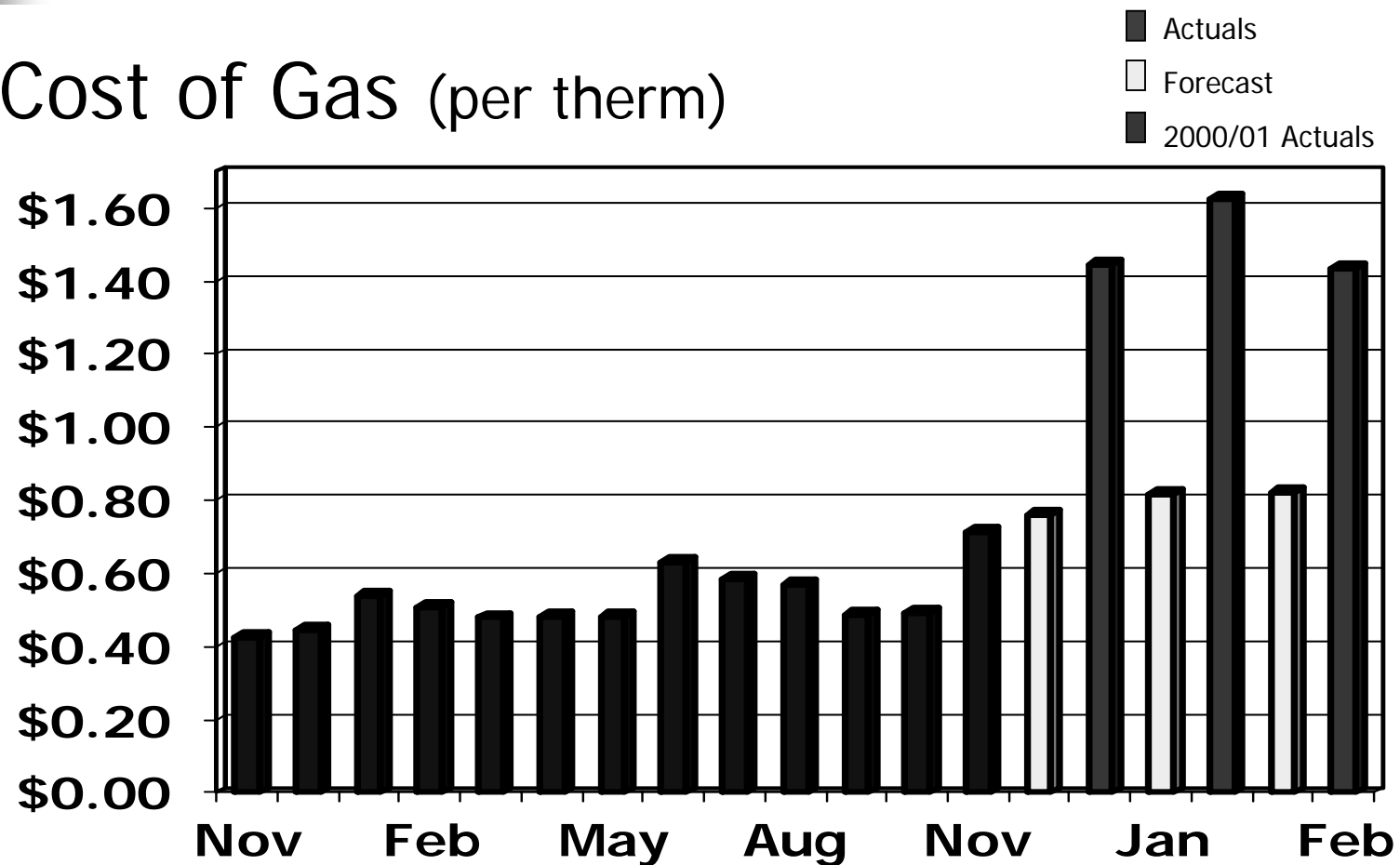
# Pricing Forecast

Cost of Gas (per therm)



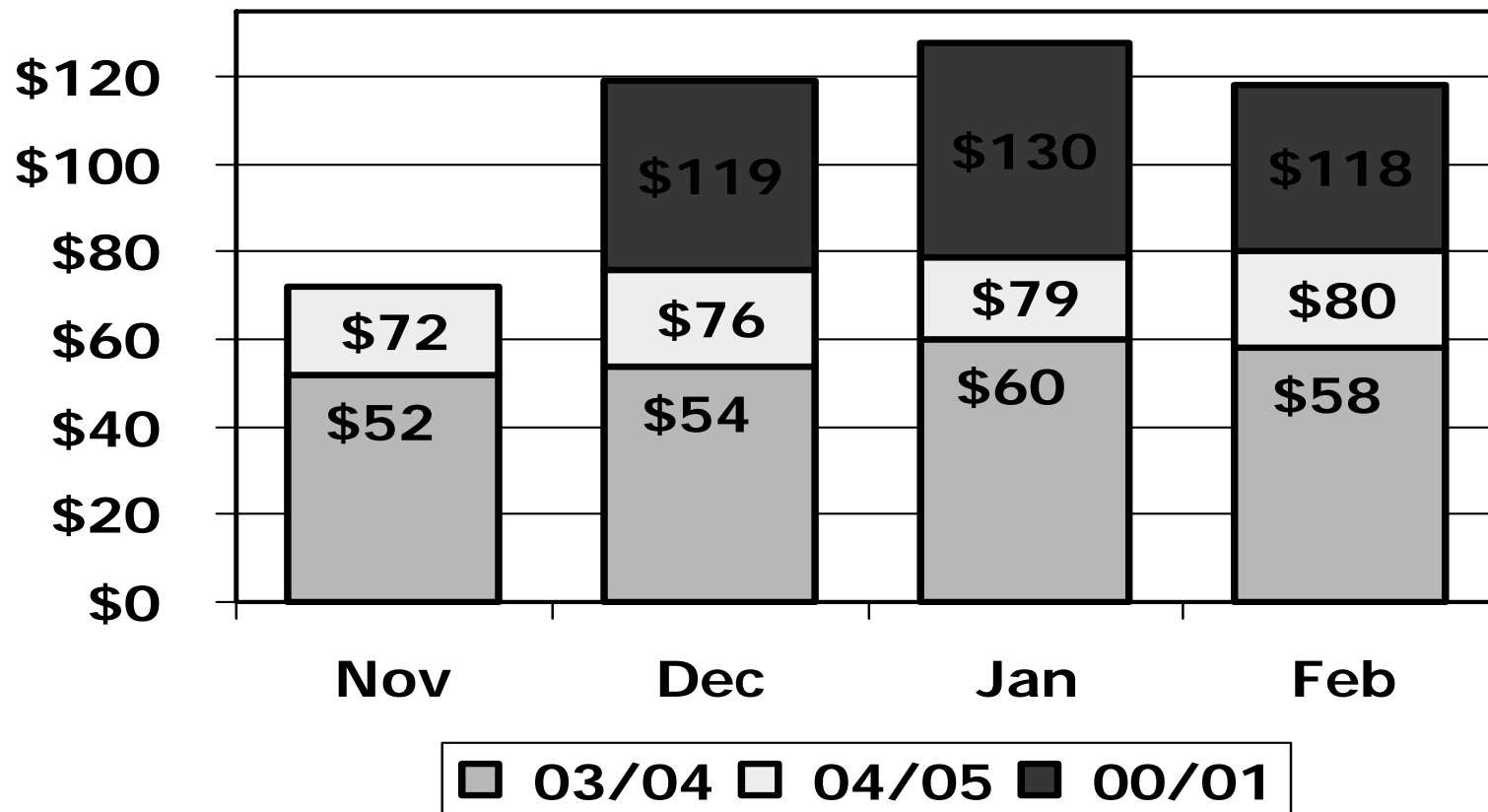
# Comparison With 2000/01

Cost of Gas (per therm)



# Residential Bills

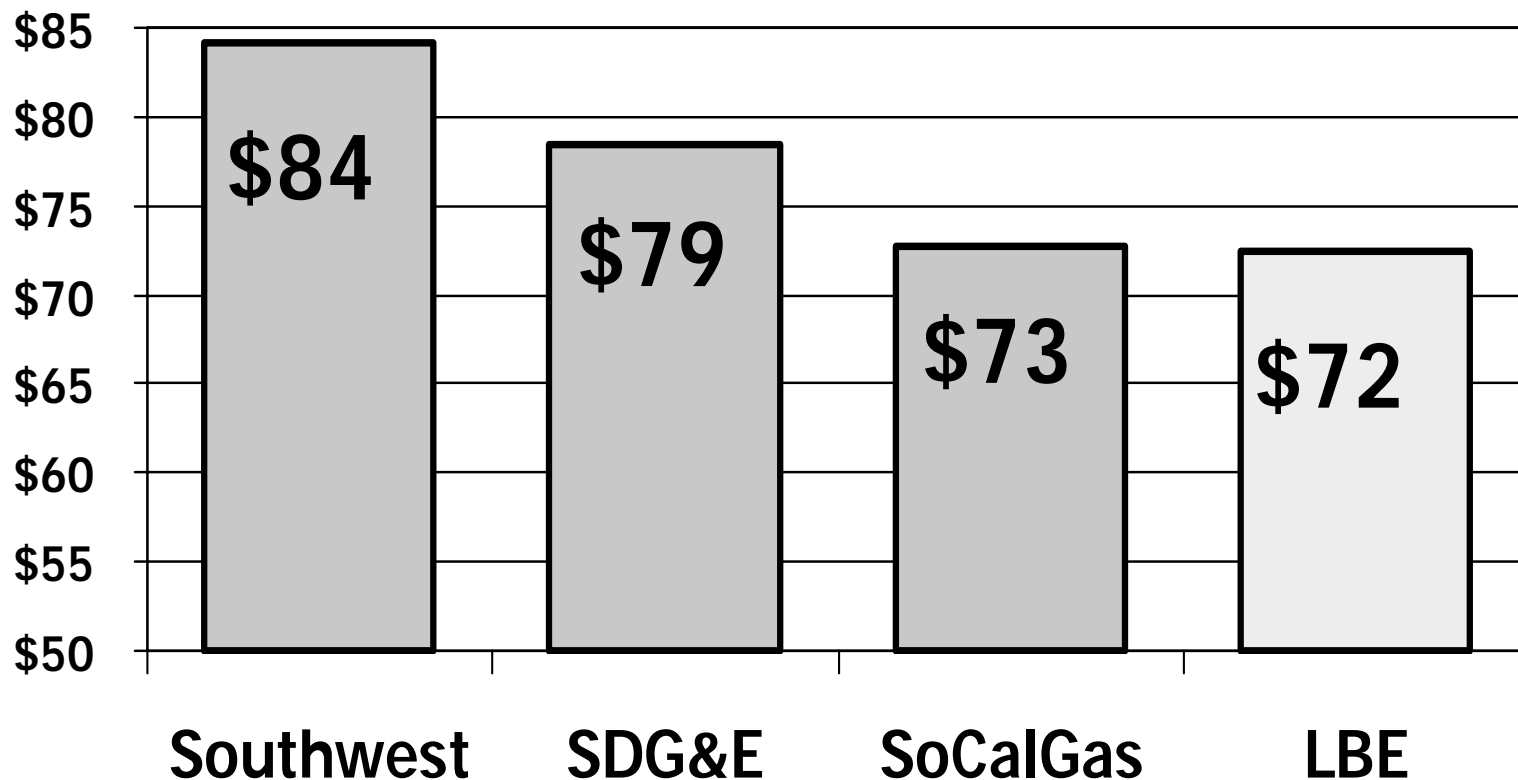
Average Monthly Bill (65 therms)





# Utility Comparison

Average Residential Bill (Nov 04)





# Gas Supply Contracts

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- Long-term contract with Coral Energy
  - Priced at San Juan Basin for greater stability
  - Fixed cost to transport gas to CA
  - Price ceiling of \$1.00 per therm
- Local gas contracts
  - Tied to the SoCalGas price
  - No transport cost



# Gas Supply in Storage

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- Contracted for 6.4 million therms of storage capacity on SoCalGas system
- LBE's storage is full going into winter
- Gas purchased at \$0.45/th in summer
- Will withdraw this cheaper gas during winter to lessen overall price to customers



# Customer Outreach

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- Press release on high prices and conservation
  - To all local media, headline story in PT
  - To all Neighborhoods Associations
- WAVE notification in Nov/Dec utility bills
- On-hold message and cable TV crawler
- Energy conservation pamphlets
  - Multi-language
  - At every library and park
  - Available at Neighborhood Resource Center



# Energy Conservation

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- Impact of higher gas prices can be minimized through energy conservation
- Energy saving ideas can be found on LBE's website at:

**[www.lbenenergy.org](http://www.lbenenergy.org)**



# Payment Programs

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- Level Pay Plan to flatten high winter bills by averaging with summer bills
- Low-Income Programs
  - 5% discount on gas bill
  - UUT exemption for low income seniors and disabled customers
  - Additional baseline therm allowances for qualified customers
- Call 570-5700 to obtain information
- Federal LIHEAP gas bill assistance



# Pilot-Lighting / Turn-Ons

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- Due to extremely high demand, customers may experience a wait of up to 5 business days for all service requests, including pilot lighting and turn-ons
- Customers are encouraged to keep their pilot lights lit throughout the year and stay current on bill payments to avoid long waits for turn on during winter months

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